

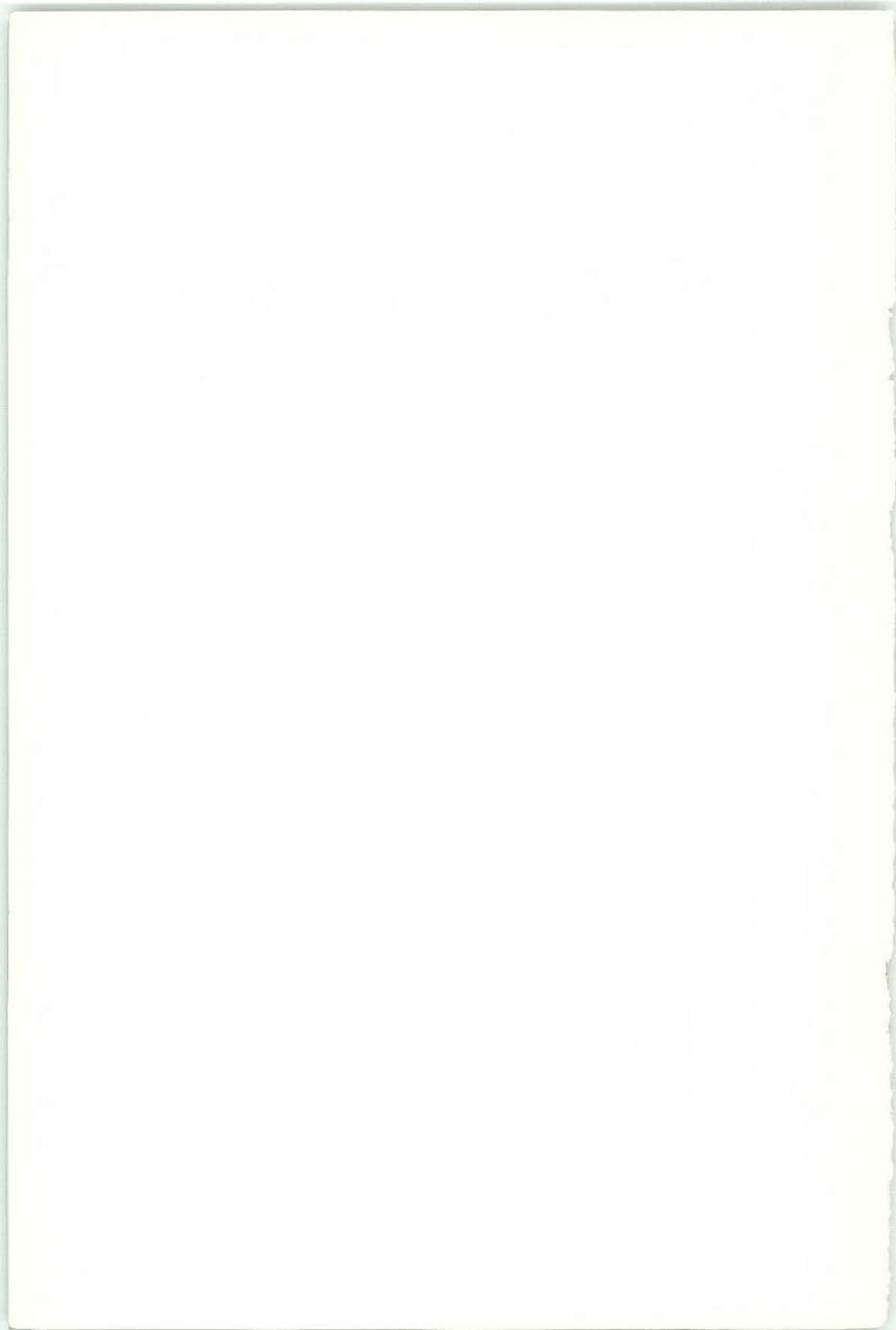
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The Coca-Cola Company

WILMINGTON, DELAWARE

1968

ANNUAL REPORT



THE COCA-COLA COMPANY AND SUBSIDIARIES

ANNUAL REPORT

FOR THE YEAR

1968

LETTER TO STOCKHOLDERS

March 3, 1969

Consolidated net sales in 1968 were \$1,185,808,864 compared with \$1,043,067,158 in 1967. Consolidated net profit in 1968, after reserves, taxes, and all other charges, was \$110,325,438, or \$1.93 a share, compared with \$100,512,429 or \$1.76 a share in 1967, adjusted to reflect the two-for-one stock split in May 1968. This represents an increase in per share earnings of 9.7%. Before application of the Federal income tax surcharge amounting to 11¢ a share in 1968, earnings would have been \$2.04 a share, an increase of 15.9%.

In 1968 sales and earnings reached an all-time high.

At its meeting on March 3, the Board of Directors raised the quarterly dividend from 30¢ a share to 33¢ a share, payable April 1 to stockholders of record March 14. This is the seventh consecutive year that the dividend rate has been increased.

The consolidated balance sheet and statements of profit and loss and earned surplus appear in this report.

A separate mailing will contain a proxy form and notice of the annual meeting of stockholders on Monday, May 5, 1969, at 10:00 A.M., Wilmington time, at the office of the Company, 100 West Tenth Street, Wilmington, Delaware.

For the Board of Directors


Chairman


President

THE COCA-COLA COMPANY AND SUBSIDIARIES

Consolidated Statement of Profit and Loss

	YEAR ENDED DECEMBER 31,	
	1968	1967
Net sales.....	\$1,185,808,864	\$1,043,067,158
Cost of goods sold.....	617,356,082	519,893,032
GROSS PROFIT.....	568,452,782	523,174,126
Selling, administrative and general expenses..	343,104,133	321,145,536
OPERATING PROFIT.....	225,348,649	202,028,590
Other income.....	15,248,975	13,532,931
	240,597,624	215,561,521
Less other deductions.....	18,282,186	17,912,092
PROFIT BEFORE TAXES ON INCOME..	222,315,438	197,649,429
Provision for taxes on income.....	111,990,000	97,137,000
NET PROFIT.....	\$ 110,325,438	\$ 100,512,429
Net profit per share of common stock.....	\$1.93	\$1.76

Consolidated Statement of Earned Surplus

	YEAR ENDED DECEMBER 31,	
	1968	1967
Balance at January 1.....	\$ 377,681,794	\$ 337,153,927
Net profit for the year.....	110,325,438	100,512,429
	488,007,232	437,666,356
Dividends paid in cash (per share— 1968, \$1.16¼; 1967, \$1.05).....	66,619,696	59,984,562
BALANCE AT DECEMBER 31.....	\$ 421,387,536	\$ 377,681,794

See Notes To Financial Statements

CONSOLIDATED
THE COCA-COLA COMPANY

Assets

	DECEMBER 31,	
	1968	1967
CURRENT:		
Cash.....	\$ 64,817,017	\$ 66,297,024
U.S. Government and other marketable securities—at cost (market price—		
1968, \$81,327,931; 1967, \$93,518,977).....	81,708,731	94,364,989
Trade accounts receivable (less allowance—		
1968, \$1,500,977; 1967, \$1,308,276).....	83,203,558	74,113,068
Inventories.....	127,718,941	113,252,494
Prepaid expenses.....	13,695,674	11,513,038
TOTAL CURRENT ASSETS.....	<u>371,143,921</u>	<u>359,540,613</u>
MISCELLANEOUS INVESTMENTS AND		
OTHER ASSETS.....	<u>32,056,388</u>	<u>23,268,364</u>
PROPERTY, PLANT AND EQUIPMENT:		
At cost:		
Land and improvements.....	46,142,480	41,816,723
Buildings.....	141,206,878	119,501,657
Machinery and equipment.....	307,163,815	260,170,317
Containers.....	56,268,210	48,633,583
	550,781,383	470,122,280
Less allowance for depreciation.....	203,362,944	180,685,469
	<u>347,418,439</u>	<u>289,436,811</u>
FORMULAE, TRADE-MARKS AND		
GOODWILL—at cost.....	51,481,800	45,362,431
	<u>\$802,100,548</u>	<u>\$717,608,219</u>

BALANCE SHEET

AND SUBSIDIARIES

Liabilities

	DECEMBER 31,	
	1968	1967
CURRENT:		
Notes payable.....	\$ 6,849,414	\$ 7,062,144
Current maturities of long-term debt.....	2,136,154	1,388,499
Accounts payable and accrued accounts.....	110,734,259	94,355,852
Accrued taxes—including taxes on income.....	54,048,147	56,841,269
TOTAL CURRENT LIABILITIES.....	<u>173,767,974</u>	<u>159,647,764</u>
LONG-TERM DEBT.....	<u>21,915,376</u>	<u>10,078,247</u>
RESERVE FOR UNREMITTED FOREIGN PROFITS.....	<u>101,655,814</u>	<u>95,257,773</u>
DEFERRED INCOME TAXES.....	<u>6,859,944</u>	<u>6,063,745</u>
CAPITAL STOCK AND SURPLUS:		
Common stock—no par value; authorized 70,000,000 shares; (issued 1968, 57,494,415 shares; 1967, 57,363,948 shares).....	57,835,062	57,706,148
Capital surplus.....	21,771,490	15,861,757
Earned surplus.....	<u>421,387,536</u>	<u>377,681,794</u>
	500,994,088	451,249,699
Less shares of stock held in treasury—at cost (1968, 108,134 shares; 1967, 178,452 shares).....	<u>3,092,648</u>	<u>4,689,009</u>
	<u>497,901,440</u>	<u>446,560,690</u>
	<u>\$802,100,548</u>	<u>\$717,608,219</u>

NOTES TO 1968 FINANCIAL STATEMENTS

1. Foreign Operations. The consolidated balance sheet includes the following amounts with respect to subsidiaries and branches operating in foreign countries: Current assets, \$130,319,155 (including cash and securities totaling \$57,517,634); property, plant and equipment at depreciated cost, \$110,916,451; other assets, \$21,562,031; and liabilities, \$106,630,297. Property accounts have been translated at rates of exchange prevailing at dates of acquisition and all other assets and liabilities at approximate rates of exchange prevailing at December 31, 1968.

It is the established policy of the Company to include in consolidated net profit the entire net profit of the Canadian subsidiaries, but to include the net profit of other foreign subsidiaries only to the extent such profits have been remitted to the Company. Accordingly, the other deductions account includes a provision for unremitted foreign profits in the amount of \$6,398,041, representing foreign profits earned but not remitted in 1968.

2. Inventories are stated at the lower of cost (principally average or first-in, first-out method) or market except that inventories of certain major citrus concentrate products are stated at the lower of cost (last-in, first-out method) or market.

3. Long-Term Debt (exclusive of current maturities).

Mortgages, principally on grove properties at 5½%, payable in installments through 1982	\$ 3,178,783
Sinking Fund Debentures 5 ⅞ %, payable in installments through January 1974	1,050,000
Subordinated Debentures 5 ⅞ %, payable in installments through January 1976	2,000,000
Unsecured notes, principally of various foreign affiliates payable in annual installments through 1975 (average interest rate 6.3%)	15,686,593
	<u>\$21,915,376</u>

4. Stock Options. Options are held by officers and employees of the Company and its subsidiaries to purchase shares of the Company's common stock (adjusted for the 2 for 1 stock split) at prices ranging principally from \$11.22395 to \$74.75 per share. Further information relating to the options is as follows: Options outstanding at January 1, 1968, 618,330 shares; options granted during the year, 70,960 shares; options exercised during the year, 137,377 shares; options cancelled during the year through death, retirement or resignation, 5,990 shares; options outstanding at December 31, 1968, 545,923 shares; options exercisable at December 31, 1968, 210,518 shares; shares available for options which may be granted, 269,710.

5. Pension Plans. The Company and its subsidiaries have various pension plans covering substantially all employees, including certain employees in foreign countries. The total pension expense for the year was \$6,918,483 determined under various actuarial cost methods, principally aggregate level cost method. In general, pension costs are funded when accrued. Changes during the year in the actuarial bases and employee benefits applicable to certain plans had the effect of increasing pension expense for the year by approximately \$1,000,000.

6. Changes in Capital. On May 13, 1968, the authorized common stock was increased from 35,000,000 shares to 70,000,000 shares and one additional share of common stock was issued to stockholders for each share held on that date. The increase of these shares had no effect on the amount assigned to the capital stock account. The accompanying financial statements have been appropriately adjusted to reflect the stock split. The changes in capital during 1967 and 1968 are as follows:

Notes To Financial Statements (continued)

	Common Stock Issued		Capital Surplus
	Shares	Amount	
Balance January 1, 1967.....	28,638,966	\$57,619,849	\$14,094,444
Previously unissued shares sold to employees exercising stock options.....	43,008	86,299	1,446,800
Proceeds in excess of cost of 21,199 shares of treasury stock sold to employees exercising stock options.....	0	0	16,186
Excess of market price over cost of 3,937 shares of treasury stock issued for capital stock of Beverage Canning Co., Inc. and Bottlers and Canners Supply Company.....	0	0	304,327
Balance December 31, 1967.....	28,681,974	57,706,148	15,861,757
Adjustment for 2 for 1 stock split.....	28,681,974	0	0
Adjusted balance December 31, 1967.....	57,363,948	57,706,148	15,861,757
Previously unissued shares sold to employees exercising stock options.....	130,467	128,914	2,920,223
Proceeds in excess of cost of 6,910 shares of treasury stock sold to employees exercising stock options.....	0	0	36,750
Excess of market price over cost of 64,368 shares of treasury stock issued for capital stock of Coca-Cola Bottling Co. of San Jose.....	0	0	2,952,760
Balance December 31, 1968.....	57,494,415	\$57,835,062	\$21,771,490

7. Depreciation. Provision for depreciation in the amount of \$39,379,767 was charged to manufacturing and other expenses. Approximately 52% of such amount was determined by the declining-balance method and the remainder by the straight-line method.

ACCOUNTANTS' REPORT

To the Board of Directors
The Coca-Cola Company
Wilmington, Delaware

We have examined the consolidated financial statements of The Coca-Cola Company and subsidiaries as of December 31, 1968. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of profit and loss and earned surplus present fairly the consolidated financial position of The Coca-Cola Company and subsidiaries at December 31, 1968, and the consolidated results of their operations and changes in capital for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Ernst & Ernst

Atlanta, Georgia
February 28, 1969

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Attorney, member of firm of King & Spalding

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Director of Various Corporations

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Wilmington, Delaware

Morgan Guaranty Trust Company of New York
New York, New York

Trust Company of Georgia
Atlanta, Georgia

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Bank of Delaware
Wilmington, Delaware

The Chase Manhattan Bank N.A.
New York, New York

The First National Bank of Atlanta
Atlanta, Georgia

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Wilmington Trust Company
Wilmington, Delaware

